

Message Text

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ACTION EUR-12

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INFO SECDEF WASHDC
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USCINCLANT NORFOLK VA
USNMR SHAPE
AMEMBASSY COPENHAGEN
AMEMBASSY REYKJAVIK
AMEMBASSY STOCKHOLM

C O N F I D E N T I A L SECTION 1 OF 2 OSLO 2090

SHAPE FOR POLAD

E.O. 11652: GDS
TAGS: MPOL, NATO, NO
SUBJECT: NATO FORCE GOALS FOR NORWAY

REF: USNATO 4023 (NOTAL)

1. FINN MOLVIG, MOD DIRECTOR GEN FOR PLANS, REVIEWED NORWAY'S ECONOMIC SITUATION AND ITS EFFECT ON DEFENSE SPENDING AND, MORE IMMEDIATELY, ON NORWAY'S NATO FORCE GOALS. IN A LONG AND FRANK EXCHANGE WITH EMBOFF APRIL 25, HE EMPHASIZED THAT THE NORWEGIAN ECONOMY WAS GOING THROUGH A DIFFICULT PERIOD. HE SAID THAT THE GON ANTICIPATED THAT THE ECONOMY WOULD IMPROVE OVER THE NEXT TWO TO THREE YEARS, BUT THAT IN ANY EVENT DEFENSE EXPENDITURES COULD NOT AVOID BEING AFFECTED BY THE GOVT'S EFFORT TOWARDS A MORE RESTRICTIVE ECONOMIC POLICY. HE ADDED
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THAT MINISTRY OF FINANCE REP SIVAERTSEN HAD BRIEFED NATO REPS IN THIS VEIN DURING THE LAST DRC MEETING. NORWAY'S DEFENSE BUDGET FOR 1979, MOLVIG NOTED, HAS ALREADY BEEN CUT BY 160 MILLION KRONER (APPROX. 29.6 MILLION DOLLARS) AND IN THE 1980S WILL HAVE TO ABSORB A FURTHER 40 MILLION KRONER (APPROX. 7.4 MILLION DOLLARS) SLICE. IT IS TOO EARLY TO TELL, MOLVIG SAID, PRECISELY WHAT THE IMPACT WILL BE BEYOND 1980. THE

MINISTRY HAD MANAGED THE 200 MILLION KRONER CUT THROUGH REDUCTIONS IN THE COAST GUARDS SEPARATE APPROPRIATION WHICH MEANT THAT THE 2.2 PERCENT REAL INCREASE IN THE PRESENT BUDGET IS STILL VALID.

2. THE MINISTRY IS CURRENTLY PREPARING THE NEXT YEAR'S BUDGET INTO WHICH THEY PLAN TO BUILD A 2.2 PERCENT REAL INCREASE. THEY WILL ATTEMPT TO BUILD IN THE SAME REAL INCREASE FOR 1980 AND 1981. HOWEVER, HE SAID, MINISTER OF DEFENSE HANSEN WILL EMBARK ON A NUMBER OF MEETINGS WITH HIS CABINET COLLEAGUES AND PRIME MINISTER AND PARLIAMENTARY REPRESENTATIVES PRIOR TO THE MAY 18 NATO DEFENSE MINISTERS' MEETING IN ORDER TO DRAW UP MOD INSTRUCTIONS ON THE SUBJECT OF THE 3 PERCENT INCREASE. THERE IS A POSSIBILITY, MOLVIG SAID, THAT WHILE THE DEFENSE BUDGET'S REAL GROWTH WILL BE LIMITED TO 2.2 PERCENT OVER THE NEXT TWO YEARS, AFTER THAT LARGER REAL INCREASES COULD MAKE UP FOR THE SHORT FALL SO THAT, ON THE AVERAGE, THE REAL INCREASE IN THE BUDGET FROM 1978-83 WOULD BE 3 PERCENT.

3. EFFECT ON LONG-AND SHORT-TERM PROGRAM: CLEARLY, MOLVIG SAID, THE GON DOES NOT WANT TO COMMIT ITSELF TO WHAT IT CANNOT ACCOMPLISH. THEY HAVE ALREADY COMMITTED THEMSELVES IN PRINCIPLE FAR BEYOND THAT THEY CAN REALISTICALLY AFFORD UNTIL 1993. THE DEFENSE COMMISSION'S FINDINGS (SEE OSLO'S 1829) HAVE NOT BEEN BUILT INTO THE PLANNING.
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IN FACT, HE SAID, INTERNAL DEFENSE PLANNING HASN'T GONE BEYOND 1983. MOLVIG DID ADD THAT, IN THEIR OWN PLANNING IN THE MINISTRY ON THE IMPLEMENTATION OF THE SHORT-TERM PROGRAM, THEY HAD ASSUMED A 3 PERCENT REAL ANNUAL INCREASE. THEREFORE, SOMETHING WILL HAVE TO BE DROPPED OUT. BUT AT THIS POINT IT WAS DIFFICULT TO SAY PRECISELY WHAT. HE DID POINT OUT THAT .8 PERCENT IN TERMS OF MILLIONS OF KRONER DID NOT AMOUNT TO VERY MUCH. HE DID SAY THAT THE CUTS WOULD NOT BE TAKEN OUT OF THE EQUIPMENT INVESTMENT APPROPRIATIONS. THEIR DEFENSE, HE SAID, WAS SAFE.

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C O N F I D E N T I A L SECTION 2 OF 2 OSLO 2090

4. MOLVIG REFLECTED CONSIDERABLE ANNOYANCE AND AGGRAVATION WHICH HE SAID WAS SHARED BY MINISTER HANSEN WITH THE FORCE GOALS PROCESS IN NATO. IT SEEMED TO HIM, THEY SAID, THAT THE MILITARY QUITE PROPERLY LOOKED INTO EACH COUNTRY'S DEFENSE ESTABLISHMENT AND IDENTIFIED WEAKNESSES AND MADE SUGGESTIONS AND THAT THOSE SUGGESTIONS WERE THEN EMBODIED IN A SHOPPING LIST WHICH THE POLITICAL SIDE OF NATO SIMPLY ABSORBED WITHOUT REFERENCE TO POLITICAL REALITIES. HE SAID IT WAS LAUGHABLE THAT NORWAY SHOULD HAVE BEEN ORIGINALLY ASKED TO ACCEPT A CHALLENGE OF OVER 7 PERCENT. NO COUNTRY, HE SAID, UNLESS THEY ARE PREPARING FOR WAR HAS THAT KIND OF A REAL INCREASE IN THE DEFENSE SPENDING. THE PROBLEM WAS, HE SAID, THAT WHEN POLITICAL REALITY DROPPED OUT OF THE PROCESS THE CREDIBILITY OF THE PROCESS WAS LOST. ACCORDING TO MOLVIG, NEITHER HE NOR ANY OTHER OF HIS DEFENSE MINISTRY COLLEAGUES HAD BOTHERED TO BRIEF THEIR CONTACTS AT THE PARLIAMENT OR IN THE FINANCE MINISTRY IN CONFIDENTIAL

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DETAIL ON THE TASK FORCE GOAL DISCUSSION OF THE CHALLENGE THAT NATO HAD PRESENTED TO NORWAY. ALL IT WOULD SERVE TO DO, HE SAID, WAS TO CONVINCE THEM THAT NATO WAS OPERATING IN A VACUUM.

5. IT WAS AS A RESULT OF DEFENSE UNDERSECRETARY, JOHAN JORGEN HOLST'S SERIOUS CONVERSATION WITH ASSISTANT SECY GENERAL MUMFORD THAT THE DRC SECOND REVISION ON APRIL 21 WAS ISSUED, CALLING FOR A FOUR POINT FIVE PERCENT CHALLENGE. THE GON WILL ACCEPT SUCH A CHALLENGE AND ANTICIPATES NO GREAT PROBLEMS AT THE APRIL 27 MEETING. MOLVIG EXPRESSED DEEP APPRECIATION FOR

THE US SIDE'S ASSISTANCE IN THE DISCUSSIONS. HE UNDERSCORED, HOWEVER, THAT AT THE APRIL 27 MEETING THE NORWEGIAN REP WILL HAVE ABSOLUTELY NO FLEXIBILITY TO MOVE BEYOND THE 2.2 PERCENT REAL INCREASE. THE MINISTRY OF DEFENSE IS DOING ITS BEST TO GET THE AVERAGE UP, MOLVIG SAID. AND THERE IS SOME HOPE THAT MINISTER HANSEN'S GUIDANCE FOR THE MAY 18 MEETING WILL ALLOW HIM TO POINT OUT TO HIS COLLEAGUES THAT NORWAY WILL WORK OUT A 3 PERCENT AVERAGE OVER THE NEXT FIVE YEARS. WHETHER HE WILL BE ABLE TO OR NOT DEPENDS ON IMPORTANT POLITICAL DISCUSSIONS WHICH WILL TAKE PLACE IN OSLO IN THE NEXT TWO WEEKS.

6. COMMENT: THERE SEEMS LITTLE QUESTION IN OUR MIND THAT THE DEFENSE MINISTRY IS CAUGHT IN A POLITICAL BIND. ITS MEMBERS RECOGNIZE THE SERIOUSNESS OF FALLING AWAY FROM THE 3 PERCENT REAL INCREASE EARLIER AGREED TO BUT ALSO RECOGNIZE THE POLITICAL REALITIES IN NORWAY. THERE IS NO WAY THAT DEFENSE SPENDING CAN ESCAPE THE GOVERNMENT'S CURRENT TIGHTENED BELT ECONOMIC POLICY, PARTICULARLY WHEN THE ALTERNATIVE IS HEAVIER CUTS IN THE WELFARE SECTOR. IN OUR OPINION IT WOULD BE COUNTERPRODUCTIVE TO PRESS THE NORWEGIAN REP AT THE APRIL 27 MEETING. THE DECISION TO SPEND MORE OR LESS MONEY
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ON DEFENSE IS NOT THEIRS. IT IS A POLITICAL DECISION WHICH WILL BE MADE BY POLITICIANS UPON WHOM WE INTEND TO CONCENTRATE OUR EFFORTS.
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